VZCZCXRO2742 PP RUEHAO DE RUEHCV #0016/01 0042101 ZNY CCCCC ZZH P 042101Z JAN 06 FM AMEMBASSY CARACAS TO RUEHC/SECSTATE WASHDC PRIORITY 2674 INFO RUEHBO/AMEMBASSY BOGOTA PRIORITY 5780 RUEHBR/AMEMBASSY BRASILIA PRIORITY 5048 RUEHBS/AMEMBASSY BRUSSELS PRIORITY 0302 RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 0939 RUEHLP/AMEMBASSY LA PAZ PRIORITY 1489 RUEHPE/AMEMBASSY LIMA PRIORITY 9690 RUEHLI/AMEMBASSY LISBON PRIORITY 1227 RUEHLO/AMEMBASSY LONDON PRIORITY 0347 RUEHMD/AMEMBASSY MADRID PRIORITY 2959 RUEHFR/AMEMBASSY PARIS PRIORITY 0251 RUEHQT/AMEMBASSY QUITO PRIORITY 1568 RUEHRO/AMEMBASSY ROME PRIORITY 0488 RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 0746 RUEHSG/AMEMBASSY SANTIAGO PRIORITY 3191 RUEHTC/AMEMBASSY THE HAGUE PRIORITY 0720 RUEHAO/AMCONSUL CURACAO PRIORITY 0488 RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 0206 RUEHMI/USOFFICE FRC FT LAUDERDALE PRIORITY 2731 RHEHNSC/NSC WASHDC PRIORITY RUMIAAA/HQ USSOUTHCOM MIAMI FL PRIORITY RUEHUB/USINT HAVANA PRIORITY 0365

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000016

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TAGS: <u>PGOV</u> <u>KDEM</u> <u>VE</u>

SUBJECT: EVO MORALES VISITS VENEZUELA

REF: LA PAZ 0006

Classified By: Political Counselor Robert R. Downes for Reason 1.4(d)

SUMMARY

11. (U) Bolivian President-elect Evo Morales arrived in Caracas January 3 for a brief visit that included paying homage to Simon Bolivar at the National Monument, a two-hour bilateral meeting with Venezuelan President Hugo Chavez, and a lengthy joint press conference in "Cadena Nacional." addition to offering his advice, Chavez pledged USD 30 million to assist the Bolivian government in creating and executing social programs and agreed to exchange 150 thousand barrels of diesel monthly in return for Bolivian agricultural products. Morales said his recent electoral victory signaled the second liberation of Latin America and demonstrated the socialist movement's success. Venezuela was Morales' second stop on a post-election travel itinerary that includes Cuba, Spain, France, Belgium, South Africa, China and Brazil. Peruvian presidential candidate Ollanta Humala also showed up for the visit; Chavez called his presence a coincidence. Morales is tipping his hat to his regional patrons before beginning a wider swing for international support. His public statements, while at times critical of the United States seemed moderate compared to those of his host. End Summary

¶2. (U) Alex Contreras, Morales' spokesperson, explained that a last minute schedule change facilitated travel to Caracas. Contreras asserted that the President-elect traveled to Venezuela via commercial airliner and would continue his trip utilizing the same mode of transportation. However, local

media sources and embassy contacts established that Morales arrived on a Cuban airliner but departed Venezuela in an private jet, apparently a Falcon jet owned by state-run oil company Petroleos de Venezuela (PDVSA) and often used by President Chavez for his travels.

CHAVEZ OFFERS ADVICE, MONEY AND SUBSIDIZED FUEL

13. (U) After paying homage to Simon Bolivar at the National Monument, Chavez and Morales reportedly spent two hours at the Venezuelan presidential office at Miraflores in a private, bilateral meeting during which Bolivia's President-elect reportedly discussed plans to eradicate "latifundos" or unproductive land and to nationalize basic services (including the energy sector) in Bolivia. Chavez told local media sources that he had agreed to share "institutional knowledge" regarding hydrocarbons with Bolivia and to subsidize 150 thousand barrels of diesel monthly to the landlocked, Andean nation. As payment, Chavez continued, Bolivia would provide approximately USD 150 million in agricultural products to Venezuela annually. In addition to an energy agreement, Chavez and Morales also signed bilateral health and education cooperation agreements which, according to Chavez, will take the form of Venezuelan "missions". (Note: Venezuelan "missions" are broad-based social programs). The GoV will reportedly donate USD 30 million to assist Morales' government in creating and executing social programs.

14. (U) During a joint press conference on January 3 at CARACAS 00000016 002 OF 002

Miraflores, Chavez labeled the USG and its allies the "axis of evil" and commented that he, Morales and Cuban President Fidel Castro would create an "axis of good". He continued that any government seeking to undercut Morales' administration would fail and confirmed that he would support the cultivation of coca in Bolivia. More controlled in his anti-imperialist rhetoric than Chavez, Morales said his electoral victory signaled the beginning of Latin America's second liberation and demonstrated the success of the socialist movement in the region. Peruvian Presidential candidate Ollanta Humala reportedly attended the joint press conference but made no comments. Chavez dismissed Humala's presence in Caracas as a coincidence. Humala had been invited to Caracas by ruling party Movimiento Quinta Republica (MVR) and met with Chavez on the evening of January 3, according to local media sources.

COMMENT

15. (C) Whether or not they subscribe to his anti-imperialist rhetoric, generous aid debt purchases and favorable energy agreements facilitated by the ocean of petroleum receipts Venezuela now enjoys, Chavez has attracted the attention of a number of regional leaders. Whatever Morales' views of "US imperialism," ALBA, bolivarian socialism, or any of Chavez' other pet rocks, the Bolivian President-elect is making a smart financial move --at least in the short-term-- by paying an early call on the self-important Hugo Chavez. Asked directly if he was worried that association with Castro and Chavez would irritate the United State, Morales said that he would look for a way to work with us as long as Bolivia's sovereignty was respected - also a smart play on his behalf. WHITAKER